R4105-4

Consumer Confidence Survey

- *Business*
- *Employment*
- *Income*
- *Inflation*
- *Interest Rates*
- *Stock Prices*

September 1989

CONFIDENCE RETREATS BUT STILL STRONG

The Consumer Confidence Index (1985 = 100), which registered small gains over the past three months, declined in August to a reading of 114.7. A substantial share of this decline reflects the consumer's somewhat less optimistic assessment of the ongoing situation. Expectations are down only moderately. Buying plans are mixed.

In the latest probe, only 27% of survey participants say that business conditions are "good," down from 31.6 percent. Conversely, slightly over 17% now consider business conditions "bad," up by more than a point and a half. People are also slightly less comfortable with the employment situation. Only 30.7% report jobs are "plentiful," down from 33.1 percent. There was also an increase in those that complain that jobs are "hard to get."

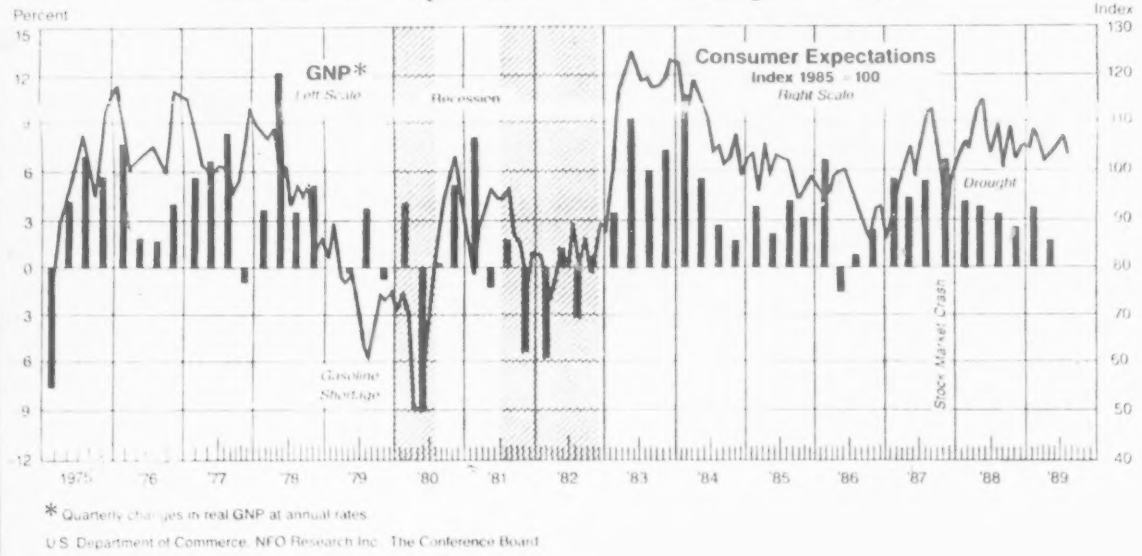
In looking ahead to the next six months, people are only marginally less optimistic than previously. Only fractionally fewer respondents than last time expect business conditions to be better. There has also been a modest decline, from 18.6% to 17.2%, in the number that expect more jobs to become available. On families' likely income prospects, only 25.4% believe that their financial situation will improve, a drop of about two points for the month.

Plans to buy a car remained unchanged at 7.1% of survey respondents. However, a larger number of potential car buyers than last time expressed interest in a new rather than a used vehicle. Plans to purchase a home, which were up in July, gave back half of the gain in August. Now, 3.5% of all consumers plan to buy a home, down from 3.7% previously. There is also less interest than a month earlier in acquiring a major appliance.

While the level of consumer confidence is down, it is still reassuringly strong. Although there have been signs of some economic weakening, the measure of confidence has remained high since the beginning of the year. While a single month is much too brief an episode to be given too much attention, the magnitude of the decline can not be dismissed as inconsequential. We must evidently wait, at least for another month, to determine whether the latest reading is a mere aberration or the beginning of a trend. But certainly, the level of consumer confidence is substantially above that which generally signals a potential recession.

Fabian Linden

Consumer Expectations and Changes in GNP



* Quarterly changes in real GNP at annual rates.

U.S. Department of Commerce, NFO Research Inc., The Conference Board

Confidence and Buying Plans

Based on surveys conducted by NFO Research, Inc.

Percentage of all households = 100%

						Business			Employment			Income
	1988					1989						
All series seasonally adjusted	*Aug.*	*Sep.*	*Oct.*	*Nov.*	*Dec.*	*Jan.*	*Feb.*	*Mar.*	*Apr.*	*May*	*June*	*July(r)*	*Aug.(p)*
Composite Series: Index Numbers, 1985 = 100													
Consumer Confidence Index	119.7	110.7	116.9	112.9	119.4	115.8	120.7	117.4	116.6	116.7	117.2	120.4	114.7
Present Situation	135.1	126.7	128.3	129.1	140.1	133.4	139.2	136.2	138.9	137.2	135.5	141.1	131.6
Expectations	109.4	100.1	109.3	102.0	105.6	104.1	108.3	104.9	101.8	103.0	105.1	106.6	103.5
Appraisal of Present Situation: Percent													
Business Conditions													
Good	32.2	28.2	28.3	30.2	32.5	29.1	30.6	28.4	28.9	30.1	28.3	31.6	26.9
Bad	17.2	19.2	17.1	17.6	15.5	18.2	16.9	16.1	16.4	16.5	17.2	15.5	17.2
Normal	50.6	52.6	54.6	52.2	52.0	52.7	52.5	55.5	54.7	53.4	54.5	52.9	55.9
Employment													
Jobs plentiful	32.3	29.9	29.8	29.9	33.7	33.0	34.3	32.8	34.5	34.1	33.2	33.1	30.7
Jobs not so plentiful	46.0	47.7	47.2	47.1	45.5	45.8	45.8	46.7	45.7	44.8	46.4	47.6	48.6
Jobs hard to get	21.7	22.4	23.0	23.0	20.8	21.2	19.9	20.5	19.8	21.1	20.4	19.3	20.7
Expectations for Six Months Hence: Percent													
Business Conditions													
Better	21.4	18.3	21.1	18.6	19.6	17.7	20.9	17.9	17.3	20.7	20.1	18.8	18.2
Worse	7.3	9.8	7.0	8.4	7.5	7.7	7.3	8.0	8.8	8.9	8.7	8.4	8.5
Same	71.3	71.9	71.9	73.0	72.9	74.6	71.8	74.1	73.9	70.4	71.2	72.8	73.3
Employment													
More jobs	19.0	17.2	18.6	15.9	17.2	17.1	17.0	15.9	15.4	18.9	17.9	18.6	17.2
Fewer jobs	13.6	15.4	13.2	14.7	14.4	14.5	12.8	12.7	13.1	15.6	14.2	13.2	14.0
Same	67.4	67.4	68.2	69.4	68.4	68.4	70.2	71.4	71.5	65.5	67.9	68.2	68.8
Income													
increase	27.4	24.8	26.8	27.3	27.8	25.6	26.3	25.2	25.8	26.5	27.0	27.3	25.4
Decrease	6.3	6.9	6.9	6.9	6.7	6.2	6.3	6.1	7.0	8.1	6.7	6.8	6.6
Same	66.3	68.3	66.3	65.8	65.5	68.2	67.4	68.7	67.2	65.4	66.3	65.9	68.0
Plans to Buy Within Six Months: Percent													
Automobile													
Yes	7.5	7.8	7.3	7.3	7.4	7.3	7.9	7.1	7.3	8.5	6.7	7.1	7.1
New	4.2	4.1	3.7	3.4	3.3	3.5	3.8	4.0	4.0	4.0	3.6	3.6	4.1
Used	2.8	2.7	2.7	3.0	3.3	2.9	3.2	2.7	2.7	3.2	2.5	2.4	2.4
Uncertain	0.5	1.0	0.9	0.9	0.8	0.9	0.9	0.4	0.6	1.3	0.6	1.1	0.6
Home													
Yes	4.2	3.3	3.7	3.1	3.8	3.0	2.9	3.1	3.2	3.4	3.3	3.7	3.5
New	1.3	1.1	1.0	1.0	0.9	0.6	1.0	0.7	1.0	0.9	0.6	1.1	1.0
Lived in	2.0	1.5	1.6	1.5	1.9	1.2	1.2	1.5	1.5	1.4	1.8	1.8	1.7
Uncertain	0.9	0.7	1.1	0.6	1.0	1.2	0.7	0.9	0.7	1.1	0.9	0.8	0.8
Major appliances													
Total plans	34.3	30.3	26.5	27.9	26.9	28.0	26.2	28.4	31.6	27.4	26.8	30.5	27.1
Refrigerator	5.0	4.5	3.6	4.1	4.3	5.4	4.9	4.3	5.4	4.5	4.6	4.4	4.0
Washing machine	4.5	3.9	4.1	3.0	3.7	3.7	3.2	4.2	4.2	3.1	3.4	4.5	3.7
TV Set	8.0	7.2	6.4	6.5	7.5	5.7	5.8	6.4	7.0	6.8	5.3	8.0	6.5
Vacuum Cleaner	6.1	5.7	3.8	4.8	4.7	4.3	4.2	4.9	4.7	5.2	5.0	4.8	5.7
Range	2.7	2.8	3.1	2.7	2.8	3.0	2.6	2.5	3.5	2.8	2.5	3.3	2.5
Clothes dryer	4.3	3.4	3.2	3.2	3.3	3.0	2.9	4.0	3.8	2.6	3.7	3.3	2.9
Air conditioner	3.7	2.8	2.3	3.6	2.6	2.9	2.6	2.1	3.0	2.4	2.3	2.2	1.8
Carpet	7.7	8.2	6.2	6.6	6.6	6.8	5.4	6.3	6.7	6.7	5.9	7.6	6.8
Vacation Intended Within Six Months: Percent													
Vacation Intended	51.6		49.1		48.5		45.3		46.8		45.7		49.9
Destination													
U.S.	43.6		43.5		41.6		41.1		38.6		40.8		39.9
Foreign country	10.1		10.1		8.7		8.8		8.1		8.4		7.6
Means of travel													
Automobile	29.6		29.6		28.2		27.0		26.8		27.7		27.8
Airplane	21.0		21.0		18.4		19.0		17.0		18.4		18.1
Other	4.0		4.0		3.5		4.4		4.1		4.5		3.1

(p)—preliminary (r)—revised

ATTENTION DATA USERS: Data in this publication are available online. For information, phone (212) 759-0900 Ext. 216.

Inflation Interest Rates Stock Prices

Not seasonally adjusted	1988 Aug.	Sep.	Oct.	Nov.	Dec.	1989 Jan.	Feb.	Mar.	Apr.	May	June	July(r)	Aug.(p)
Expectations for Twelve Months Hence: Percent													
Inflation Rate													
Average	4.9	4.8	4.8	4.7	4.7	4.6	4.8	4.8	5.1	4.9	4.7	4.8	4.7
Interest Rates													
Higher	74.9	75.2	71.8	65.1	78.2	73.7	71.8	79.9	76.4	69.9	57.3	52.4	44.0
Same	16.2	17.0	18.6	23.1	14.4	18.4	18.8	13.6	14.8	17.6	21.5	21.6	24.8
Lower	8.9	7.8	9.6	11.8	7.4	7.9	9.4	6.5	8.8	13.5	21.2	26.0	31.2
Stock Prices													
Increase	39.2	38.5	40.6	39.3	39.7	42.3	44.9	39.5	39.9	42.7	44.0	41.0	42.0
Same	33.0	34.8	35.0	36.0	33.3	34.7	33.5	34.3	35.9	33.3	34.6	34.9	34.4
Decrease	27.8	26.7	24.4	24.7	27.0	23.0	21.6	26.2	24.2	24.0	21.4	24.1	23.6

CONSUMER CONFIDENCE BY REGION

Seasonally unadjusted Index numbers 1985 = 100	1988 Aug.	Sep.	Oct.	Nov.	Dec.	1989 Jan.	Feb.	Mar.	Apr.	May	June	July(r)	Aug.(p)	AVERAGE Jun., Jul., Aug. 1988	1989	Percent Change*
NEW ENGLAND																
Consumer Confidence Index	150.0	139.7	150.9	144.1	140.7	135.5	149.5	144.2	138.5	129.7	118.3	123.4	114.6	151.2	118.8	-21.5
Present Situation	205.4	204.9	201.3	198.0	205.6	189.5	203.7	199.5	198.3	189.4	180.0	183.9	168.7	204.0	177.5	-13.0
Expectations	113.0	96.2	117.3	108.2	97.5	99.5	113.4	107.3	98.7	89.9	77.2	83.2	78.6	116.1	79.7	-31.4
MIDDLE ATLANTIC																
Consumer Confidence Index	125.6	122.6	126.3	113.7	124.9	122.1	124.9	117.3	117.8	112.6	122.1	116.1	113.6	122.7	117.3	- 4.4
Present Situation	157.2	153.4	148.7	143.2	164.0	147.1	153.4	142.6	150.7	137.8	155.9	150.1	143.4	151.8	149.8	- 1.3
Expectations	104.6	102.1	111.3	94.1	98.8	105.4	105.8	100.4	95.9	95.8	99.5	93.4	93.8	103.3	95.6	- 7.5
EAST NORTH CENTRAL																
Consumer Confidence Index	104.1	99.8	115.0	117.6	112.9	114.9	121.9	113.8	113.9	114.9	115.3	118.2	113.0	100.6	115.5	14.7
Present Situation	125.7	121.9	129.7	145.*	139.2	131.1	135.9	130.2	132.9	137.4	137.1	144.0	139.0	117.7	140.0	18.9
Expectations	89.8	85.0	105.2	99.3	95.5	104.2	112.6	102.9	101.2	100.0	100.8	101.0	95.7	89.3	99.1	11.1
WEST NORTH CENTRAL																
Consumer Confidence Index	70.7	86.3	97.5	83.6	93.4	98.9	100.3	102.2	89.4	80.4	84.5	97.7	89.0	79.4	90.4	13.9
Present Situation	74.6	96.6	99.4	97.4	103.9	106.1	91.6	99.9	101.0	94.2	95.5	118.5	92.4	87.8	102.1	16.3
Expectations	68.0	79.5	96.3	82.8	86.4	94.2	106.1	103.8	81.7	71.2	77.1	83.9	86.7	73.7	82.6	12.0
SOUTH ATLANTIC																
Consumer Confidence Index	141.2	138.0	142.4	139.1	133.5	131.7	134.5	137.0	134.0	133.7	140.1	141.6	136.9	139.4	139.5	0.1
Present Situation	172.8	170.2	175.3	170.6	175.4	167.5	167.0	170.7	171.9	165.3	172.8	178.2	169.7	168.4	173.6	3.1
Expectations	120.2	116.6	120.5	118.2	105.6	107.8	112.9	114.6	108.8	112.6	118.4	117.2	115.0	120.0	116.9	- 2.6
EAST SOUTH CENTRAL																
Consumer Confidence Index	105.9	102.3	108.7	102.1	94.3	107.2	108.5	111.6	88.9	106.5	100.1	103.7	84.8	95.8	96.2	0.4
Present Situation	100.3	99.2	99.2	102.1	104.9	96.2	89.7	100.2	92.2	114.4	94.8	95.2	75.8	89.4	88.6	- 1.0
Expectations	109.7	104.4	115.1	102.2	87.2	114.6	121.1	119.2	86.7	101.2	103.6	109.5	90.8	100.1	101.3	1.2
WEST SOUTH CENTRAL																
Consumer Confidence Index	80.1	74.8	83.8	67.3	79.7	84.6	83.8	77.0	82.6	77.4	79.0	88.5	77.1	79.7	81.5	2.3
Present Situation	31.0	29.3	42.4	27.4	34.5	30.1	35.2	30.3	38.8	44.2	46.0	59.9	38.9	30.6	48.3	57.7
Expectations	112.9	105.2	111.4	94.0	109.9	120.9	116.2	108.2	111.8	99.5	100.9	107.5	102.5	112.4	103.6	- 7.8
MOUNTAIN																
Consumer Confidence Index	92.8	76.9	92.4	91.8	106.1	76.5	86.7	100.6	92.6	90.5	91.7	82.5	91.2	86.2	88.5	2.7
Present Situation	77.0	70.0	81.1	66.5	90.9	50.0	43.7	80.4	77.3	75.1	70.6	68.1	77.0	69.3	71.9	3.7
Expectations	103.4	81.6	100.0	108.6	116.3	94.1	115.4	114.2	102.8	100.8	105.8	92.1	100.8	97.4	99.6	2.2
PACIFIC																
Consumer Confidence Index	134.0	124.6	127.7	133.7	133.7	128.2	138.2	130.0	131.3	134.9	134.6	135.3	131.7	129.2	133.9	3.6
Present Situation	161.7	160.1	156.9	169.4	170.7	157.5	164.0	157.6	165.5	173.2	171.3	171.3	167.9	159.0	170.1	7.0
Expectations	115.5	100.9	108.3	109.9	109.0	108.6	121.1	111.6	108.5	109.4	110.1	111.3	107.6	109.4	109.7	0.3

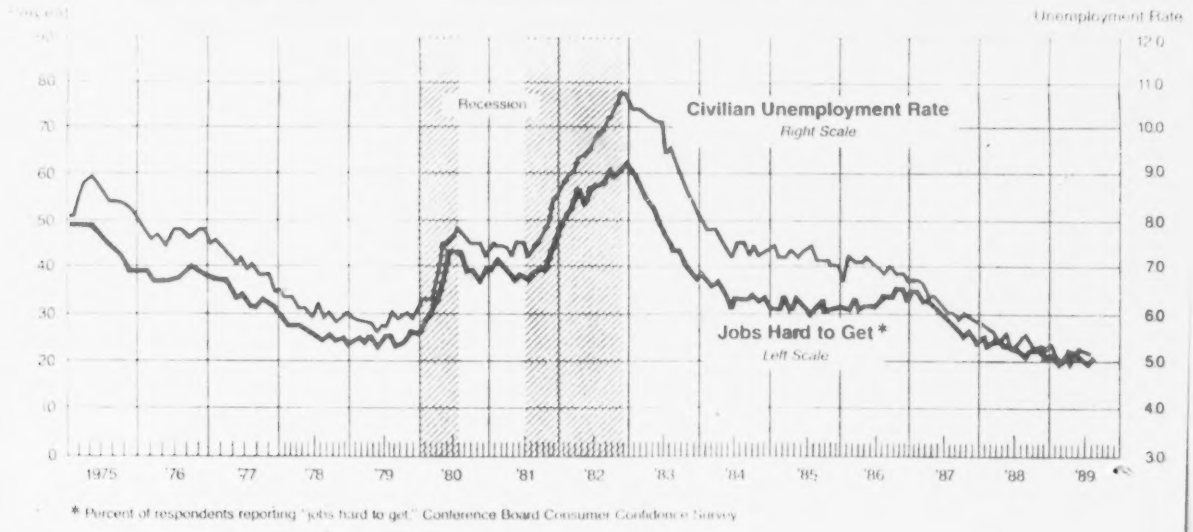
***Percent Change: Average of last three months shown as compared with same period year ago. Regional data are not adjusted for seasonal variations.**

CONSUMER CONFIDENCE BY AGE AND INCOME CLASS

Seasonally adjusted index numbers: 1985 = 100	*1988*					*1989*								*3 mos. Percent, Change**
	Aug.	*Sep.*	*Oct.*	*Nov.*	*Dec.*	*Jan.*	*Feb.*	*Mar.*	*Apr.*	*May*	*June*	*July(r)*	*Aug.(p)*	
TOTAL U S														
Consumer Confidence Index	119.7	110.7	116.9	112.9	119.3	115.8	120.7	117.4	116.6	116.7	117.2	120.4	114.7	0.5
Present Situation	135.1	126.7	128.3	129.1	140.1	133.4	139.2	136.2	138.9	137.2	135.5	141.1	131.6	- 1.0
Expectations	109.4	100.1	109.3	102.0	105.6	104.1	108.3	104.9	101.8	103.0	105.1	106.6	103.5	1.8
AGE OF HOUSEHOLD HEAD														
Consumer Confidence Index														
Under 35	128.5	121.0	117.8	117.0	124.6	119.3	124.3	122.3	120.5	124.2	126.8	128.9	126.0	4.0
35-54	119.5	111.4	118.2	114.3	120.5	117.0	122.6	118.8	121.1	115.9	122.8	121.7	120.6	2.6
55 and over	110.4	99.1	112.4	106.2	112.8	109.1	113.6	109.5	106.9	110.4	102.6	111.9	99.8	- 3.9
Present Situation														
Under 35	147.0	138.2	125.9	128.9	143.5	133.5	143.6	138.1	144.3	136.3	145.6	146.3	139.5	3.0
35-54	133.8	127.2	128.2	130.8	143.5	134.8	139.1	137.5	143.6	141.9	142.7	142.2	139.5	0.3
55 and over	129.1	118.3	129.8	127.6	134.6	131.8	136.6	133.6	131.8	132.9	122.7	137.2	119.6	- 4.7
Expectations														
Under 35	116.1	109.7	112.5	109.0	112.3	109.7	111.4	111.7	104.6	116.2	114.4	117.4	117.1	5.0
35-54	109.9	100.8	111.6	103.3	105.3	105.1	111.3	106.3	106.2	98.5	109.6	108.0	108.1	4.8
55 and over	97.8	86.2	100.6	91.8	98.4	94.2	98.6	93.8	90.5	95.4	89.1	94.9	86.5	- 3.3
HOUSEHOLD INCOME														
Consumer Confidence Index														
Under $15,000	88.1	87.7	91.8	87.8	92.5	94.0	92.2	94.1	94.0	87.1	90.3	88.9	88.4	- 2.8
$15,000-24,999	115.3	102.2	108.5	115.2	115.9	105.2	120.6	107.6	114.3	113.0	109.0	121.7	112.8	2.6
$25,000 and over	135.3	123.7	131.9	124.2	131.7	129.6	134.5	131.4	128.2	131.5	132.1	133.8	127.3	0.5
Present Situation														
Under $15,000	84.0	89.6	89.9	91.7	95.0	90.0	88.2	94.8	99.4	88.5	90.7	94.8	89.1	- 2.9
$15,000-24,999	121.6	114.6	116.8	123.0	133.2	109.5	137.2	112.4	127.0	131.0	125.1	135.3	125.5	4.2
$25,000 and over	162.7	148.2	151.5	149.0	161.8	162.3	164.9	164.0	163.2	162.5	159.7	163.5	154.0	- 2.6
Expectations														
Under $15,000	91.0	86.8	93.3	85.2	91.3	96.1	93.8	92.9	90.2	86.2	90.4	85.1	88.1	- 2.1
$15,000-24,999	111.2	94.1	103.1	110.0	104.7	102.0	109.4	103.7	105.7	101.0	98.3	112.8	104.4	1.6
$25,000 and over	116.8	107.2	118.6	107.4	111.5	108.4	114.8	110.3	105.2	110.9	113.7	113.8	109.4	3.3

***Percent Change: Average of last three months shown as compared with preceding three months. Age and income data have been adjusted for seasonal variations.**

Unemployment and Consumer Assessment of Job Availability



* Percent of respondents reporting "jobs hard to get." Conference Board Consumer Confidence Survey